

Memorandum

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Political Reform Audit Division
Franchise Tax Board

Date : May 2, 1984

Jeanne Pritchard

From : FAIR POLITICAL PRACTICES COMMISSION

Jeanne Pritchard

FPFC No. 1984-104

Subject : In-Kind Contributions

This is to confirm the advice I provided to you last week regarding reporting by candidates and committees which make in-kind contributions, and reporting by candidates and committees which receive in-kind contributions.

The first question you asked was whether an in-kind contribution must be reported as of the date the payment is made by the contributor, or the date the candidate or committee actually receives the goods or services. For example, you asked about a situation in which a contributor makes a payment to a printer for campaign literature which supports a particular candidate. The literature is printed at a later date and either delivered to the candidate or mailed to the voters. You asked on which date the candidate "received" the in-kind contribution -- the date on which the contributor made the payment to the printer, or the date on which the literature was received by the candidate or mailed to the voters.

Gov. Code Section 82025 states:

An expenditure is made on the date the payment is made or on the date consideration, if any, is received, whichever is earlier.

Therefore, in the situation described above, the expenditure must be reported as made on the date the payment was made, since that occurred earlier than the date the literature was received or mailed.

With regard to reporting by the candidate on whose behalf the expenditure was made, the in-kind contribution was "received" on the date the expenditure was made. The person making the expenditure on behalf of the candidate or committee has a duty to notify the candidate or committee of the date, name and address of the payee and amount paid so the candidate or committee can properly report receipt of the in-kind contribution.

You also asked us to outline the proper method of reporting in the following situation:

A committee contracts with a printer to prepare a campaign brochure on behalf of a number of candidates. The committee does not know at the time the brochures are initially printed exactly which candidates it will support in the brochure. The printer prepares the brochure, leaving space for insertion of the candidates' pictures and names at a later date. Once the committee has determined which candidates will be included in the brochure, it notifies the printer who then does the final work on the brochures.

The proper method of reporting is as follows:

The committee must report the expenditure at the time the committee pays for the services or the printer initially prepares the brochures. (The expenditure will be reported either as a payment on Schedule E or an accrued expense on Schedule F, depending on the circumstances.) The committee is not required to allocate to individual candidates at that time because the specific candidates who will be supported have not been determined. At the time the committee determines which candidates will be supported in the brochure and notifies the printer to do the final work by inserting the candidates' pictures and names, the committee must report on the "Allocation Schedule" of its campaign disclosure statement the amount attributable to each candidate supported in the brochure. In determining the amount to report, all costs directly attributable to the preparation and printing of the brochure must be aggregated, including the payment to the printer which was made at the time the committee initially contracted for the brochure.

I hope this adequately addresses your questions. Please call me if you have any additional questions.